

Direct Pay Bonds Compliance Check Questionnaire

We are asking for information regarding your Direct Pay Bonds, post-issuance bond compliance and record retention practices. Direct Pay Bonds referred to in this questionnaire are Build America Bonds described in section 54AA(g) of the Internal Revenue Code. Please complete the questionnaire and follow the instructions in the accompanying letter for returning it to us. Please note that section references in this questionnaire are to sections of the Internal Revenue Code unless otherwise indicated. For all accompanying documentation, please clearly label the question to which it relates.

Name of Governmental Entity: _____

Employer Identification Number: _____

1. Have any of your Direct Pay Bonds been initially sold to the underwriter or initial purchaser of the Direct Pay Bonds pursuant to a negotiated sale (not a competitive sale)? ☐ Yes ☐ No

If Yes, did the underwriter provide the issuer with a written certification to the effect that each maturity of each issue of the Direct Pay Bonds was offered to the public in a bona fide public offering (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) at the initial offering price for such maturity? ☐ Yes ☐ No

If Yes, were any amounts of an issue of your Direct Pay Bonds purchased in the initial offering to the public by affiliates or affiliated accounts of the underwriter? ☐ Yes ☐ No
☐ Underwriter did not disclose

2. Do you have written procedures to ensure that none of the maturities of any issue of your Direct Pay Bonds are issued with more than a de minimis amount of premium as required by section 54AA(d)(2)(C)? ☐ Yes ☐ No

If Yes, date they were implemented? (mm/dd/yyyy) _____

If Yes, describe in detail your procedures for ensuring compliance with such de minimis rule, including but not limited to procedures to evaluate related certifications of third parties (e.g., issue price certificates), and how you implement such procedures, including dates of revisions, if any. In lieu of the above description, you may attach a copy of your written procedures. If you have no written procedures, explain what guidelines you have in place and from what source these guidelines are derived that ensure Direct Pay Bonds satisfy the de minimis rule. (*Attach sheet with description*)

3. Are records of trading activity for your Direct Pay Bonds available through the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System ("EMMA") (see <http://www.emma.msrb.org>)? ☐ Yes ☐ No
4. Please provide the following information only if any of your Direct Pay Bonds were sold pursuant to a negotiated sale (Yes to the first part of question 1) and the records of trading activity for any of your Direct Pay Bonds are available through EMMA (Yes to question 3):

- a. Did you or a consultant to the issuer, other than the underwriter of the Direct Pay Bonds, review the records of the trading activity for each issue of your Direct Pay Bonds after the sale date of the bonds but before the bonds were delivered on the date of issue? ☐ Yes ☐ No
☐ Do not know

- b. Did any "customers" (as such term is used in trading records shown in EMMA) ("Customers") buy any portion of any issue of your Direct Pay Bonds at a price greater than the initial offering price prior to the delivery of the Direct Pay Bonds on the date of issue? ☐ Yes ☐ No

If Yes, did the underwriter or a consultant to the issuer explain why some Customers were willing to buy the Direct Pay Bonds at a price in excess of the stated initial offering price? ☐ Yes ☐ No

If Yes, provide a summary of the explanation, including, if applicable, an explanation regarding how Direct Pay Bonds of a maturity were purchased by Customers at a price greater than the initial offering price during any period in which Direct Pay Bonds of the same maturity remained unsold at the initial offering price (*Attach sheet with summary of the explanation*).

5. Do you have written procedures to ensure that your Direct Pay Bonds remain in compliance with the following Federal tax requirements after the bonds are issued:

- a. Timely expenditure of bond proceeds? ☐ Yes ☐ No
If Yes, date they were implemented? _____ (mm/dd/yyyy)
- b. Correct calculation of Available Project Proceeds (See section 54A(e)(4))? ☐ Yes ☐ No
If Yes, date they were implemented? _____ (mm/dd/yyyy)
- c. Use of 100% of Available Project Proceeds less amount in a reasonably required reserve fund only for capital expenditures (See section 54AA(g)(2)(A))? ☐ Yes ☐ No
If Yes, date they were implemented? _____ (mm/dd/yyyy)
- d. Arbitrage yield restriction and rebate? ☐ Yes ☐ No
If Yes, date they were implemented? _____ (mm/dd/yyyy)
- e. Costs of issuance financed by the issue do not exceed 2% of the proceeds of sale (See section 54A(e)(4)(A)(ii))? ☐ Yes ☐ No
If Yes, date they were implemented? _____ (mm/dd/yyyy)
- f. Proper determination of the amount of interest payable on each interest payment date? ☐ Yes ☐ No
If Yes, date they were implemented? _____ (mm/dd/yyyy)
- g. Proper amount of refundable credit reported on Form 8038-CP? ☐ Yes ☐ No
If Yes, date they were implemented? _____ (mm/dd/yyyy)
- h. Timely filing of Form 8038-CP? ☐ Yes ☐ No
If Yes, date they were implemented? _____ (mm/dd/yyyy)
- i. Payment of refundable credit will be made to the proper person? ☐ Yes ☐ No
If Yes, date they were implemented? _____ (mm/dd/yyyy)

If Yes, describe in detail your procedures for each of the above items (a-i) and how you implement such procedures, including dates of revisions, if any. In lieu of the above descriptions, you may attach a copy of your written procedures. If you have no written procedures, explain what guidelines you have in place and from what source these guidelines are derived that ensure bond financings are in compliance with Federal tax requirements. (Attach sheet with description)

6. Do you have written procedures to ensure timely identification of violations of Federal tax requirements after your Direct Pay Bonds are issued and the timely correction of any identified violation(s) through remedial actions described in the Treasury Regulations or through the Tax Exempt Bonds Voluntary Closing Agreement Program described under Notice 2008-31? ☐ Yes ☐ No

If Yes, date they were implemented? _____ (mm/dd/yyyy)

If Yes, describe in detail your procedures for timely identification and correction of any such violations and how you implement such procedures, including dates of revisions, if any. In lieu of the above description, you may attach a copy of your written procedures. If you have no written procedures, explain what guidelines you have in place and from what source these guidelines are derived that ensure timely identification and correction of any violations of Federal tax requirements. *(Attach sheet with description)*

7. Do you maintain records necessary to support the status of the bonds as qualified to receive the tax advantaged treatment described in section 54AA(g)? ☐ Yes ☐ No

If yes, for how long?

- ☐ Less than life of bonds
- ☐ Life of bonds
- ☐ Life of bonds plus 3 years

8. How do you maintain your bond records?

- ☐ On Paper
- ☐ Electronic media (e.g., CD, disks, tapes)
- ☐ Combination of paper and electronic

Under penalties of perjury, I declare that I have examined this completed questionnaire, including accompanying documents and statements, and to the best of my knowledge and belief, the completed questionnaire contains all the relevant facts relating to the answers to the questionnaire, and such facts are true, correct, and complete.

Signature: _____

Date: _____

Printed Name: _____

Title: _____

Privacy Act and Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. We need it to ensure that you are complying with these laws.

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